

Township of Inlay

Lapeer County, Michigan

Audited Financial Report
March 31, 2005

Lehn L. King

Certified Public Accountant
Marlette, Michigan

Michigan Department of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|--------------------------------|--|-------------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name Imlay Township | County Lapeer |
| Audit Date 5/11/05 | Opinion Date 5/11/05 | Date Accountant Report Submitted to State: 5/23/05 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

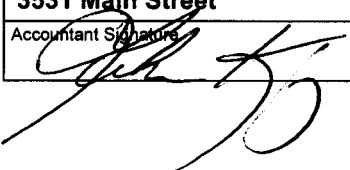
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | |
|------------------------------|--|---|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | ✓ | | |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | | | ✓ |

| | | | |
|---|-------------------------|------------------------|---------------------|
| Certified Public Accountant (Firm Name) Lehn L. King, C.P.A. | | | |
| Street Address 3531 Main Street | City Marlette | State MI | ZIP 48453 |
| Accountant Signature  | | Date 5/19/05 | |

Township of Imlay
Annual Financial Report
For The Fiscal Year Ended March 31, 2005

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Phone 989-635-3113
Fax 989-635-5580

Members of the Township Board
Imlay Township
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Imlay, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Imlay, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Imlay, Michigan as of March 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Imlay, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

Lehn King

Lehn L. King
Certified Public Accountant

May 11, 2005

Township of Imlay

Imlay, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Imlay's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The Township is in a good financial position with a General Fund Balance of \$298,200. This allows the Township to carry on normal operating activities.

However, care must be taken in future budgets because of potential cut backs in State Shared Revenues and the escalating cost for providing Local Government Services.

The Township has contracted to put a cell tower in the Cemetery. The lease will generate \$1,000 a month of additional Revenue for the Cemetery Fund.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

The Township as a Whole

The Township of Imlay's fund balances are as follows:

| | <u>March 31,</u> <u>2005</u> | <u>March 31,</u> <u>2004</u> |
|--|---------------------------------|---------------------------------|
| General Fund | \$ 298,200 | \$ 390,929 |
| Cemetery Fund | 5,617 | 3,354 |
| Permit Fund | 8,141 | - |
| Ordinance Enforcement/Master Plan Fund | 129,887 | 80,214 |
| Recreation Fund | 17,988 | 17,293 |
| Perpetual Care Fund | 209,972 | 209,972 |
| Total for Township | <u>\$ 669,805</u> | <u>\$ 701,762</u> |

Township of Imlay

Imlay, Michigan

Governmental Activities

The Township of Imlay's Revenues and Expenditures can be summarized as follows:

| | General Fund | Cemetery Fund | Permit Fund | OEMP Fund | Recreation Fund | Perpetual Care Fund | Total Governmental Activities |
|---|-------------------|------------------|-----------------|-------------------|--------------------|---------------------------|-------------------------------------|
| Fund Balance - Beginning of Year | \$ 390,929 | \$ 3,355 | \$ - | \$ 80,214 | 17,293 | \$ 209,972 | \$ 701,763 |
| Revenue Collected | | | | | | | |
| Intergovernmental Revenue | 181,291 | - | - | - | - | - | 181,291 |
| Property Taxes | 150,090 | - | - | 77,758 | - | - | 227,848 |
| Charges for Services/Sales | 73,579 | 33,910 | 29,526 | - | - | - | 137,015 |
| Other | 10,806 | 365 | 1,392 | 434 | 695 | 7,046 | 20,738 |
| Transfers | - | 35,144 | 1,525 | - | - | 5,683 | 42,352 |
| Total Revenue Collected | 415,766 | 69,419 | 32,443 | 78,192 | 695 | 12,729 | 609,244 |
| Expenditures | | | | | | | |
| General Government | 157,808 | 67,157 | - | 28,519 | - | - | 253,484 |
| Public Safety | 120,830 | - | 24,302 | - | - | - | 145,132 |
| Public Works | 60,735 | - | - | - | - | - | 60,735 |
| Recreation & Culture | 762 | - | - | - | - | - | 762 |
| Capital Outlay | - | - | - | - | - | - | - |
| Debt Service | 101,237 | - | - | - | - | - | 101,237 |
| Transfers | 67,123 | - | - | - | - | 12,729 | 79,852 |
| Total Expenditures | 508,495 | 67,157 | 24,302 | 28,519 | - | 12,729 | 641,202 |
| Fund Balance - End of Year | <u>\$ 298,200</u> | <u>\$ 5,617</u> | <u>\$ 8,141</u> | <u>\$ 129,887</u> | <u>17,988</u> | <u>\$ 209,972</u> | <u>\$ 669,805</u> |

Township of Imlay

Imlay, Michigan

Economic Factors and Next Year's Budget and Rates

| | <u>General Fund</u> | <u>Cemetery Fund</u> | <u>Permit Fund</u> | <u>OEMP Fund</u> | <u>Recreation Fund</u> | <u>Perpetual Care Fund</u> |
|---|-------------------------|--------------------------|------------------------|----------------------|----------------------------|------------------------------------|
| Revenue Collected | | | | | | |
| Intergovernmental Revenue | 189,865 | - | - | - | - | - |
| Property Taxes | 121,987 | - | - | 77,758 | - | - |
| Charges for Services/Sales | 26,425 | 49,184 | 53,271 | - | - | - |
| Other | 10,329 | 15 | - | 434 | - | - |
| Transfers | 3,500 | 22,780 | - | - | - | - |
| Total Revenue Collected | <u>352,106</u> | <u>71,979</u> | <u>53,271</u> | <u>78,192</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | |
| General Government | 178,946 | 70,236 | - | 28,519 | - | - |
| Public Safety | 142,251 | - | 28,556 | - | - | - |
| Public Works | 46,591 | - | - | - | - | - |
| Recreation & Culture | 559 | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Debt Service | 104,385 | - | - | - | - | - |
| Transfers | 22,780 | - | - | - | - | 12,729 |
| Total Expenditures | <u>495,512</u> | <u>70,236</u> | <u>28,556</u> | <u>28,519</u> | <u>-</u> | <u>12,729</u> |
| Fund Balance - End of Year | <u>\$ (143,406)</u> | <u>\$ 1,743</u> | <u>\$ 24,715</u> | <u>\$ 49,673</u> | <u>-</u> | <u>\$ (12,729)</u> |
| Fund Balance - Beginning of Year | <u>\$ 298,200</u> | <u>\$ 5,617</u> | <u>\$ 8,141</u> | <u>\$ 129,887</u> | <u>\$ 17,988</u> | <u>\$ 209,972</u> |

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 682 N. Fairgrounds Road, Imlay City, Michigan or by telephone at (810) 724-8835.

Mr. Hoeksema
Township of Imlay Supervisor

Township of Imlay
Statement of Net Assets (Deficit)
March 31, 2005

| | <u>Primary Government Governmental Activities</u> |
|---|---|
| <u>Assets</u> | |
| Cash & Cash Equivalents | \$ 1,036,860.52 |
| Property Taxes Receivable | 20,489.21 |
| Prepaid Expenses | 7,887.06 |
| Due From Other Units of Government | 1,470.99 |
| Inventory - Mausoleum Crypts | 180,050.00 |
| Capital Assets (Net of Accumulated Depreciation) | <u>178,708.00</u> |
| Total Assets | 1,425,465.78 |
| <u>Liabilities</u> | |
| Accounts Payable | \$ 3,929.05 |
| Due To Other Funds | 18,704.38 |
| Deferred Revenue | 113,179.70 |
| Accrued Interest Payable | 3,826.68 |
| Current Portion of Long-Term Debt | 77,303.00 |
| Long-Term Debt | <u>541,117.00</u> |
| Total Liabilities | <u>758,059.81</u> |
| Net Assets (Deficit) | |
| Invested in Capital Assets - Net of Related Debt | (443,538.68) |
| Restricted for Recreational Facilities | 17,988.51 |
| Unrestricted | <u>1,071,596.14</u> |
| Total Net Assets (Deficit) | <u><u>\$ 646,045.97</u></u> |

The notes are an integral part of the statements.

Township of Imlay
Statement of Activities
For the Year Ended March 31, 2005

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue & Changes in Net Assets | |
|---|------------------|----------------------|----------------------------------|--------------------------------|---|--|
| | Expenses | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Primary Governmental Activities | |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 229,968.69 | \$ 41,978.89 | \$ - | \$ - | \$ (187,989.80) | |
| Public Safety | 173,652.75 | 73,675.64 | - | - | (99,977.11) | |
| Public Works | 61,395.32 | - | - | - | (61,395.32) | |
| Recreation & Culture | 3,767.61 | - | - | - | (3,767.61) | |
| Interest on Long-Term Debt | 23,933.99 | - | - | - | (23,933.99) | |
| Total Governmental Activities | \$ 492,718.36 | \$ 115,654.53 | \$ - | \$ - | (377,063.83) | |
| General Revenues: | | | | | | |
| Property Taxes | | | | | \$ 227,847.88 | |
| State Shared Revenues | | | | | 181,291.00 | |
| Interest | | | | | 17,203.86 | |
| Other Revenues | | | | | 10,033.31 | |
| Transfers | | | | | - | |
| Total General Revenues, Special Items & Transfers | | | | | 436,376.05 | |
| Change in Net Assets | | | | | 59,312.22 | |
| Net Assets (Deficit) - Beginning of Year | | | | | 586,733.75 | |
| Net Assets (Deficit) - End of Year | | | | | \$ 646,045.97 | |

The notes are an integral part of the statements.

Township of Imlay
Governmental Funds
Balance Sheet
March 31, 2005

| | General Fund | Cemetery Fund | Permit Fund | Ordinance Enforcement Master Plan Fund | Recreational Fund | Perpetual Care Fund | Revolving Improvement Fund | Totals Governmental Funds |
|--|----------------------|--------------------|--------------------|---|----------------------|---------------------------|----------------------------------|---------------------------------|
| Assets | | | | | | | | |
| Cash & Certificates of Deposit | \$ 201,901.67 | \$ 5,616.72 | \$ 9,640.13 | \$ 130,139.17 | \$ 127,296.23 | \$ 305,003.67 | \$ 257,262.93 | \$ 1,036,860.52 |
| Property Taxes Receivable | 13,293.87 | - | - | 7,195.34 | - | - | - | 20,489.21 |
| Prepaid Expenses | 6,957.06 | - | - | - | 930.00 | - | - | 7,887.06 |
| Due From Other Funds | 105,649.24 | - | - | - | 1,470.99 | - | - | 107,120.23 |
| Due From Other Units of Government | - | - | - | - | 1,470.99 | - | - | 1,470.99 |
| Total Assets | \$ 327,801.84 | \$ 5,616.72 | \$ 9,640.13 | \$ 137,334.51 | \$ 131,168.21 | \$ 305,003.67 | \$ 257,262.93 | \$ 1,173,828.01 |
| Liabilities & Fund Equity | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts Payable | \$ 2,304.05 | \$ - | \$ - | \$ 1,625.00 | \$ - | \$ - | \$ - | \$ 3,929.05 |
| Accrued Interest Payable | 3,826.68 | - | - | - | - | - | - | 3,826.68 |
| Deferred Revenue | - | - | - | - | 113,179.70 | - | - | 113,179.70 |
| Due To Other Funds | 23,470.99 | - | 1,500.00 | 5,822.25 | - | 95,031.37 | - | 125,824.61 |
| Total Liabilities | 29,601.72 | - | 1,500.00 | 7,447.25 | 113,179.70 | 95,031.37 | - | 246,760.04 |
| Fund Equity | | | | | | | | |
| Fund Balances | | | | | | | | |
| - Designated for Recreational Facilities | - | - | - | - | 17,988.51 | - | - | 17,988.51 |
| - Unreserved & Undesignated | 298,200.12 | 5,616.72 | 8,140.13 | 129,887.26 | - | 209,972.30 | 257,262.93 | 909,079.46 |
| Total Fund Balances | 298,200.12 | 5,616.72 | 8,140.13 | 129,887.26 | 17,988.51 | 209,972.30 | 257,262.93 | 927,067.97 |
| Total Liabilities & Fund Equity | \$ 327,801.84 | \$ 5,616.72 | \$ 9,640.13 | \$ 137,334.51 | \$ 131,168.21 | \$ 305,003.67 | \$ 257,262.93 | \$ 1,173,828.01 |

The notes are an integral part of the statements.

Township of Imlay
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended March 31, 2005

| | |
|---|----------------------|
| Total Fund Balances for Governmental Funds | \$ 927,067.97 |
|---|----------------------|

Amounts reported for Governmental Activities in the Statement of
Net Assets (Deficit) are different because:

| | |
|---|------------|
| Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds | 178,708.00 |
|---|------------|

| | |
|---|------------|
| Mausoleum Crypts booked as Inventory for Government-wide statement of net assets and not booked in the Funds | 180,050.00 |
|---|------------|

| | |
|--|--------------|
| Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds | (618,420.00) |
|--|--------------|

| | |
|---|----------|
| Accrued Interest Payable is not reported in the Funds | <u>-</u> |
|---|----------|

| | |
|--|-----------------------------|
| Net Assets of Governmental Activities | <u>\$ 667,405.97</u> |
|--|-----------------------------|

The notes are an integral part of the statements.

Township of Imlay
Governmental Funds
Statement of Revenues, Expenditures, And Changes
in Fund Balances
For The Year Ended March 31, 2005

| | General Fund | Cemetery Fund | Permit Fund | Ordinance Enforcement Master Plan Fund | Recreational Fund | Perpetual Care Fund | Revolving Improvement Fund | Totals Governmental Funds |
|--|-----------------------|--------------------|--------------------|--|---------------------|----------------------|----------------------------|---------------------------|
| Revenues | | | | | | | | |
| Property Taxes | \$ 150,090.14 | \$ - | \$ - | \$ 77,757.74 | \$ - | \$ - | \$ - | \$ 227,847.88 |
| State Shared Revenue | 181,291.00 | - | - | - | - | - | - | 181,291.00 |
| Charges for Services | 29,428.89 | 21,360.00 | - | - | - | - | - | 50,788.89 |
| Permits & Fees | 44,149.72 | - | 29,525.92 | - | - | - | - | 73,675.64 |
| Special Assessments | - | - | - | - | - | - | - | - |
| Interest Earnings | 2,483.00 | 31.34 | 15.17 | 433.99 | 695.28 | 7,046.48 | 6,498.60 | 17,203.86 |
| Lot Sales | - | 12,550.00 | - | - | - | - | - | 12,550.00 |
| Other Revenues | 8,323.31 | 333.00 | 1,377.00 | - | - | - | - | 10,033.31 |
| Total Revenues | 415,766.06 | 34,274.34 | 30,918.09 | 78,191.73 | 695.28 | 7,046.48 | 6,498.60 | 573,390.58 |
| Expenditures | | | | | | | | |
| General Government | 157,808.24 | 67,156.45 | - | - | - | - | - | 224,964.69 |
| Public Safety | 120,830.45 | - | 24,303.37 | 28,518.93 | - | - | - | 173,652.75 |
| Publics Works | 60,734.63 | - | - | - | - | - | 660.69 | 61,395.32 |
| Recreation & Culture | 761.61 | - | - | - | - | - | - | 761.61 |
| Debt Service - Principal | 77,303.00 | - | - | - | - | - | - | 77,303.00 |
| Debt Service - Interest | 23,933.99 | - | - | - | - | - | - | 23,933.99 |
| Total Expenditures | 441,371.92 | 67,156.45 | 24,303.37 | 28,518.93 | - | - | 660.69 | 562,011.36 |
| Excess of Revenues Over (Under) Expenditure | (25,605.86) | (32,882.11) | 6,614.72 | 49,672.80 | 695.28 | 7,046.48 | 5,837.91 | 11,379.22 |
| Other Financing Sources (Uses) | | | | | | | | |
| Operating Transfers In (Out) | (67,123.22) | 35,144.29 | 1,525.41 | - | - | (7,046.48) | 37,500.00 | - |
| Net Change in Fund Balances | (92,729.08) | 2,262.18 | 8,140.13 | 49,672.80 | 695.28 | - | 43,337.91 | 11,379.22 |
| Fund Balances - Beginning of Year | 30,125.88 | 3,354.54 | - | 80,214.46 | 17,293.23 | 209,972.30 | 213,925.02 | 554,885.43 |
| Fund Balances - End of Year | \$ (62,603.20) | \$ 5,616.72 | \$ 8,140.13 | \$ 129,887.26 | \$ 17,988.51 | \$ 209,972.30 | \$ 257,262.93 | \$ 99,029.42 |

The notes are an integral part of the statements.

Township of Imlay
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds **\$ 11,379.22**

Amounts reported for Governmental Activities in the Statement of
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
in the Statement of Activities, these costs are capitalized and
allocated over their estimated useful lives as Depreciation -

Repayment of Bond Principal is an Expenditure in the Governmental
Funds, but not in the Statement of Activities (where it
reduces Long-Term Debt) 77,303.00

Interest Expense is reported in the Statement of Activities
when a Liability is incurred; they are reported in the
Governmental Funds only when payment is due -

Depreciation is an Expenditures for the Statement of
Activities, but is not reported in the Governmental Funds (8,010.00)

Net Assets of Governmental Activities **\$ 80,672.22**

The notes are an integral part of the statements.

Township of Imlay
Statement of Net Assets (Deficit)
Fiduciary Funds
March 31, 2005

| | <u>Fiduciary Fund Types</u> | | |
|--|------------------------------------|--|--------------------------------------|
| | <u>Agency Funds</u> | | |
| | <u>Bond Retention Fund</u> | <u>Current Tax Collection Fund</u> | <u>Totals March 31, 2005</u> |
| <u>Assets</u> | | | |
| Cash - Savings & Certificates | \$ - | \$ 7,235.00 | \$ 7,235.00 |
| Due From Other Funds | 23,500.00 | - | 23,500.00 |
| <u>Total Assets</u> | <u>\$ 23,500.00</u> | <u>\$ 7,235.00</u> | <u>\$ 30,735.00</u> |
| <u>Liabilities & Fund Balance</u> | | | |
| <u>Liabilities</u> | | | |
| Due To General Fund | \$ - | \$ 4,795.62 | \$ 4,795.62 |
| Due To Others | 23,500.00 | 2,439.38 | 25,939.38 |
| <u>Total Liabilities</u> | <u>23,500.00</u> | <u>7,235.00</u> | <u>30,735.00</u> |
| <u>Fund Balances</u> | | | |
| Unreserved & Undesignated | - | - | - |
| <u>Total Fund Balances</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Total Liabilities & Fund Balances</u> | <u>\$ 23,500.00</u> | <u>\$ 7,235.00</u> | <u>\$ 30,735.00</u> |

The notes are an integral part of the statements.

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

The accounting methods and procedures adopted by the Township of Imlay, Lapeer County, Michigan, conform to Generally Accepted Accounting Principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Imlay was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Imlay (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Permit Fund - The Permit Fund is setup for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

Cemetery Fund - The Cemetery Fund provides for the administration of the grave openings, burials, and general maintenance of the local cemetery. Funding is provided primarily from grave openings and lot sales.

Ordinance Enforcement and Master Plan Fund - This fund is accounts for the development of a master plan for the Township and to pay for the enforcement of the ordinances. Funding is provided through one mill on property taxes.

Recreation Fund - The fund accounts for a contribution for the designated purpose of building and / or developing recreational facilities. The Township must comply with the term set forth by the donee or refund the donation.

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

Perpetual Care Fund – This fund accounts for money held permanently for the purpose of care for the cemetery. The withdrawal of funds is limited to the earnings on the invested funds.

Revolving Improvement Fund – This fund accounts for money set aside for future fire equipment purchases. Funding is provided primarily from contributions from the General Fund.

Additionally, the Township reports the following fund types:

Trust & Agency (Bonds) – The fund accounts for the performance bonds from various activities in the Township, including private roads, ponds, and mobile homes. Funding is provided primarily through performance bonds collected after certain applications have been completed and returned upon completion of the necessary requirements of the process.

Current Tax Collection Fund - The Current Tax Collection Fund accounts for the collection and disbursement of local property taxes.

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

Vacation, Sick Leave, & Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|-----------------------------------|----------------|
| Buildings & Building Improvements | 35 to 40 years |
| Machinery & Equipment | 5 to 20 years |

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Changes

GASB Statement No. 34 - Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

using full accrual accounting for all of the Township's activities have been provided.

- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Prior to April 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, and as amended by the Township Board.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budget was adopted to the department level. Budgets for these funds are shown in the supplemental schedules to this statement.

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

| | <u>Total</u> <u>Appropriations</u> | <u>Amount of</u> <u>Expenditures</u> | <u>Budget</u> <u>Variance</u> |
|---|---------------------------------------|---|----------------------------------|
| General Fund | | | |
| Township Board | \$ 5,800 | \$ 6,042 | \$ 242 |
| Fire Protection | 35,000 | 40,127 | 5,127 |
| Planning & Zoning | 28,500 | 29,707 | 1,207 |
| Ordinance Enforcement & Inspections | 13,768 | 15,079 | 1,311 |
| Road Maintenance & Drains At Large | 32,000 | 60,735 | 28,735 |
| Transfers | 35,000 | 67,123 | 32,123 |
| Cemetery Fund | | | |
| Payroll Taxes | 2,000 | 2,099 | 99 |
| Insurance | 13,160 | 18,274 | 5,114 |
| Utilities | 3,100 | 3,181 | 81 |
| Permit Fund | | | |
| Mining Inspections | 1,000 | 8,729 | 7,729 |
| Ordinance Enforcement / Master Plan Fund | | | |
| Engineering Fees | 5,300 | 5,452 | 152 |

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

| | <u>Governmental</u> <u>Activities</u> | <u>Fiduciary -</u> <u>Trust &</u> <u>Agency Funds</u> | <u>Total</u> <u>Primary</u> <u>Government</u> |
|-------------------------|--|---|---|
| Cash & Cash Equivalents | \$ 1,036,861 | \$ 7,235 | \$ 1,044,096 |

The Township's deposits are in accordance with statutory authority. As of March 31, 2005, the balance sheet carrying amount of cash deposits was \$1,044,096. The bank balance as of March 31, 2005 was \$1,044,096, of which \$209,121 was covered by FDIC insurance.

All cash deposits and investments of the Township are held by the Township in the Township's name.

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

| Investment Type | (1) | (2) | (3) | Carrying Amount | Market Value |
|------------------------|-----|------|-----|--------------------|-----------------|
| Risk Categorized | | NONE | | | |
| Operating Funds | | | | | |
| US Treasury Bonds | | | | | |
| Investment in Deferred | | | | | |
| Compensation Plans | | | | | |
| Total Risk-Categorized | | | | | |
| Investments | | | | | |

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are not recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available. Property taxes are recorded as revenue when collected.

The Township levied the following taxes:

| | |
|---------------------------------------|---------------------|
| General Government Services | <u>1.5175</u> mills |
| Ordinance Enforcement and Master Plan | <u>0.9455</u> mills |

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

| | Due From Other Funds | | Due To Other Funds |
|--------------------------|---------------------------------|-------------------------|-------------------------------|
| General Fund | \$ 4,796 | Tax Collection Fund | \$ 4,796 |
| Trust & Agency Bond Fund | 22,000 | General Fund | 22,000 |
| Trust & Agency Bond Fund | 1,500 | Permit Fund | 1,500 |
| General Fund | 95,031 | Perpetual Care Fund | 95,031 |
| Recreational Fund | 1,471 | General Fund | 1,471 |
| | | Ordinance Enforcement & | |
| General Fund | <u>5,822</u> | Master Plan Fund | <u>5,822</u> |
| Total | <u><u>\$ 130,620</u></u> | | <u><u>\$ 130,620</u></u> |

Interfund Transfers reported in the Fund Statements are as follows:

| | Transferred From | | Transferred To |
|---------------------|-----------------------------|----------------------------|---------------------------|
| General Fund | \$ 35,144 | Cemetery Fund | \$ 35,144 |
| General Fund | 1,525 | Permit Fund | 1,525 |
| General Fund | 37,500 | Revolving Improvement Fund | 37,500 |
| Perpetual Care Fund | <u>7,046</u> | General Fund | <u>7,046</u> |
| Total | <u><u>\$ 81,215</u></u> | | <u><u>\$ 81,215</u></u> |

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

6. Capital Assets

Capital Assets activity of the Township's governmental activities (and business-type) was as follows:

| | Balance April 1, 2004 | Additions | Disposals & Adjustments | Balance March 31, 2005 |
|--|--------------------------|-------------------|----------------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Buildings & Improvements | \$ 202,176 | \$ 0 | \$ 0 | \$ 202,176 |
| Cemetery Equipment | 25,200 | 0 | 0 | 25,200 |
| Recreation Equipment | 60,130 | 0 | 0 | 60,130 |
| Total Capital Assets being Depreciated | 287,506 | 0 | 0 | 287,506 |
| Accumulated Depreciation: | | | | |
| Buildings & Improvements | 78,849 | 4,044 | 0 | 82,893 |
| Cemetery Equipment | 12,920 | 960 | 0 | 13,880 |
| Recreation Equipment | 9,019 | 3,006 | 0 | 12,025 |
| Total Accumulated Depreciation | 100,788 | 8,010 | 0 | 108,798 |
| Net Capital Assets | \$ 186,718 | \$ (8,010) | \$ 0 | \$ 178,708 |

Depreciation expense was charged to programs of the primary government as follows:

| | |
|---------------------------------|-----------------|
| Governmental Activities: | |
| General Government | \$ 5,004 |
| Recreation & Culture | 3,006 |
| Total Governmental Activities | <u>\$ 8,010</u> |

8. Long -Term Debt

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions (Reductions) | Ending Balance | Due Within One Year |
|--------------------------------------|-------------------------|---------------------------------|----------------------|---------------------------|-------------------|------------------------|
| Lapeer County Road Commission | | | | | | |
| Amount of Issue - \$773,026 | 3.25% - | | | | | |
| Maturing through 2012 | 6.25% | \$77,303 | \$ 695,723 | \$ (77,303) | \$ 618,420 | \$ 77,303 |
| Total Governmental Activities | | | <u>\$ 695,723</u> | <u>\$ (77,303)</u> | <u>\$ 618,420</u> | <u>\$ 77,303</u> |

Township of Imlay
Notes to the Financial Statements
For The Year Ended March 31, 2005

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

| Years Ending March 31, | Governmental Activities | | |
|---------------------------|-------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2006 | \$ 77,303 | \$ 21,606 | \$ 98,909 |
| 2007 | 77,303 | 18,901 | 96,204 |
| 2008 | 77,303 | 16,195 | 93,498 |
| 2009 | 77,303 | 13,490 | 90,793 |
| 2010-2012 | 309,208 | 24,776 | 333,984 |
| Total | \$ 618,420 | \$ 94,968 | \$ 713,388 |

9. Deferred Compensation Plan

The Township has adopted the Manufacturer's Life Insurance Company's prototype defined contribution plan. The plan is 100% funded by the Township. The plan is available to all elected officials. Employer contributions are 10% of compensation plus plan costs. In addition, each employee can elect to make voluntary after-tax contributions of 1 to 10% of compensation. For the year ended March 31, 2005, the total plan liability of \$ 6,563.55 was 100% funded.

10. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

11. Post Employment Benefits

The Township does not provide any post employment benefits other than pension benefits through Manulife Financial.

12. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Township of Imlay
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2005

| | General Fund | | | |
|--|----------------------|----------------------|----------------------|------------------------------------|
| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
| Revenues | | | | |
| Property Taxes | \$ 127,661.00 | \$ 127,661.00 | \$ 150,090.14 | \$ 22,429.14 |
| State Shared Revenues | 185,000.00 | 185,000.00 | 181,291.00 | (3,709.00) |
| Charges for Services | 9,000.00 | 9,000.00 | 6,707.50 | (2,292.50) |
| Licenses, Fee & Permits | 61,500.00 | 45,768.00 | 44,149.72 | (1,618.28) |
| Interest Earnings | 3,700.00 | 3,700.00 | 2,483.00 | (1,217.00) |
| Fire Run Reimbursements | 20,000.00 | 20,000.00 | 22,721.39 | 2,721.39 |
| Rental Income | - | - | 1.00 | 1.00 |
| Other Revenues | 8,000.00 | 8,000.00 | 8,322.31 | 322.31 |
| Total Revenues | 414,861.00 | 399,129.00 | 415,766.06 | 16,637.06 |
| Expenditures | | | | |
| General Government | | | | |
| Township Board | 5,800.00 | 5,800.00 | 6,041.75 | (241.75) |
| Township Administration | 69,000.00 | 69,464.00 | 49,027.57 | 20,436.43 |
| Clerk | 25,000.00 | 26,200.00 | 25,173.52 | 1,026.48 |
| Treasurer | 17,300.00 | 17,300.00 | 17,000.04 | 299.96 |
| Supervisor | 8,625.00 | 8,625.00 | 8,625.00 | - |
| Assessor | 19,000.00 | 16,400.00 | 13,999.93 | 2,400.07 |
| Elections | 5,000.00 | 3,500.00 | 3,408.45 | 91.55 |
| Professional Services | 16,500.00 | 16,500.00 | 15,554.29 | 945.71 |
| Board of Review | 1,800.00 | 1,800.00 | 1,590.20 | 209.80 |
| Township Hall Expense | 6,000.00 | 9,275.00 | 6,226.49 | 3,048.51 |
| Insurance & Bonds | 10,000.00 | 11,161.00 | 11,161.00 | - |
| Total General Government | 184,025.00 | 186,025.00 | 157,808.24 | 28,216.76 |
| Public Safety | | | | |
| Fire Protection | 35,000.00 | 35,000.00 | 41,126.60 | (6,126.60) |
| EMS Contracted Services | 35,000.00 | 35,000.00 | 29,856.24 | 5,143.76 |
| Planning & Zoning | 30,500.00 | 28,500.00 | 29,707.06 | (1,207.06) |
| Ordinance Enforcement & Building Inspection | 29,500.00 | 13,768.00 | 15,078.51 | (1,310.51) |
| Street Lights | 800.00 | 800.00 | 782.04 | 17.96 |
| Board of Appeals | 4,400.00 | 4,800.00 | 4,280.00 | 520.00 |
| Total Public Safety | 135,200.00 | 117,868.00 | 120,830.45 | (2,962.45) |
| Road Maintenance & Drains At Large | 32,000.00 | 32,000.00 | 60,734.63 | (28,734.63) |
| Parks & Recreation | 2,000.00 | 1,600.00 | 761.61 | 838.39 |
| Capital Outlay | - | - | - | - |
| Debt Service - Principal | 78,000.00 | 78,000.00 | 77,303.00 | 697.00 |
| Debt Service - Interest | 26,000.00 | 26,000.00 | 23,933.99 | 2,066.01 |
| Total Expenditures | 457,225.00 | 441,493.00 | 441,371.92 | 121.08 |
| Excess of Revenues Over (Under) Expenditures | (42,364.00) | (42,364.00) | (25,605.86) | 16,758.14 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In (Out) | (35,000.00) | (35,000.00) | (67,123.22) | (32,123.22) |
| Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out | (77,364.00) | (77,364.00) | (92,729.08) | (15,365.08) |
| Fund Balance - Beginning of Year | 390,929.00 | 390,929.00 | 390,929.20 | 0.20 |
| Fund Balance - End of Year | \$ 313,565.00 | \$ 313,565.00 | \$ 298,200.12 | \$ (15,364.88) |

Township of Imlay
Required Supplemental Information
Budgetary Comparison Schedule
Cemetery Fund
For The Year Ended March 31, 2005

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance with Amended Budget</u> |
|---|----------------------------|---------------------------|--------------------|---|
| <u>Revenues</u> | | | | |
| Grave Openings | \$ 25,000.00 | \$ 25,000.00 | \$ 16,660.00 | \$ (8,340.00) |
| Cremains Burial | 3,500.00 | 3,500.00 | 2,600.00 | (900.00) |
| Lot Sales | 12,000.00 | 12,000.00 | 12,550.00 | 550.00 |
| Mausoleum Sales | 15,000.00 | 15,000.00 | 1,500.00 | (13,500.00) |
| Chapel Rent | 2,000.00 | 2,000.00 | 600.00 | (1,400.00) |
| Interest | 1,200.00 | 1,200.00 | 31.34 | (1,168.66) |
| Other | 10,000.00 | 10,000.00 | 333.00 | (9,667.00) |
| <u>Total Revenues</u> | <u>68,700.00</u> | <u>68,700.00</u> | <u>34,274.34</u> | <u>(34,425.66)</u> |
| <u>Expenditures</u> | | | | |
| Salaries | 29,095.00 | 29,095.00 | 27,414.08 | 1,680.92 |
| Payroll Taxes | 2,000.00 | 2,000.00 | 2,098.71 | (98.71) |
| Grave Openings | 15,000.00 | 15,000.00 | 11,175.00 | 3,825.00 |
| Cremains | 1,400.00 | 1,400.00 | 1,300.00 | 100.00 |
| Equipment Maintenance | 2,000.00 | 2,000.00 | 1,658.27 | 341.73 |
| Grounds Maintenance | 500.00 | 500.00 | 166.43 | 333.57 |
| Insurance | 13,160.00 | 13,160.00 | 18,273.63 | (5,113.63) |
| Utilities | 3,100.00 | 3,100.00 | 3,181.36 | (81.36) |
| Miscellaneous | 10,100.00 | 10,100.00 | 1,888.97 | 8,211.03 |
| <u>Total Expenditures</u> | <u>76,355.00</u> | <u>76,355.00</u> | <u>67,156.45</u> | <u>9,198.55</u> |
| <u>Excess of Revenues Over (Under) Expenditures</u> | <u>(7,655.00)</u> | <u>(7,655.00)</u> | <u>(32,882.11)</u> | <u>(25,227.11)</u> |
| <u>Other Financing Sources</u> | | | | |
| Operating Transfers In (Out) | <u>(9,000.00)</u> | <u>(9,000.00)</u> | <u>35,144.29</u> | <u>44,144.29</u> |
| <u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u> | <u>(7,655.00)</u> | <u>(7,655.00)</u> | <u>2,262.18</u> | <u>9,917.18</u> |
| <u>Fund Balance - Beginning of Year</u> | <u>-</u> | <u>-</u> | <u>3,354.54</u> | <u>3,354.54</u> |
| <u>Fund Balance - End of Year</u> | <u>\$ (7,655.00)</u> | <u>\$ (7,655.00)</u> | <u>\$ 5,616.72</u> | <u>\$ 13,271.72</u> |

Township of Imlay
Required Supplemental Information
Budgetary Comparison Schedule
Permit Fund
For The Year Ended March 31, 2005

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance with Amended Budget</u> |
|---|----------------------------|---------------------------|--------------------|---|
| <u>Revenues</u> | | | | |
| License & Permits | \$ 20,032.00 | \$ 20,032.00 | \$ 29,525.92 | \$ 9,493.92 |
| Interest | 50.00 | 50.00 | 15.17 | (34.83) |
| Miscellaneous | 2,000.00 | 2,000.00 | 1,377.00 | (623.00) |
| <u>Total Revenues</u> | <u>22,082.00</u> | <u>22,082.00</u> | <u>30,918.09</u> | <u>8,836.09</u> |
| <u>Expenditures</u> | | | | |
| Administration | 600.00 | 600.00 | - | 600.00 |
| Building Inspections | 18,382.00 | 18,382.00 | 15,399.61 | 2,982.39 |
| Mining Inspections | 1,000.00 | 1,000.00 | 8,729.00 | (7,729.00) |
| Engineering | 2,000.00 | 2,000.00 | - | 2,000.00 |
| Miscellaneous | 750.00 | 750.00 | 174.76 | 575.24 |
| <u>Total Expenditures</u> | <u>22,732.00</u> | <u>22,732.00</u> | <u>24,303.37</u> | <u>(1,571.37)</u> |
| <u>Excess of Revenues Over (Under) Expenditures</u> | <u>(650.00)</u> | <u>(650.00)</u> | <u>6,614.72</u> | <u>7,264.72</u> |
| <u>Other Financing Sources</u> | | | | |
| Operating Transfers In (Out) | - | - | 1,525.41 | 1,525.41 |
| <u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u> | <u>(650.00)</u> | <u>(650.00)</u> | <u>8,140.13</u> | <u>8,790.13</u> |
| <u>Fund Balance - Beginning of Year</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Fund Balance - End of Year</u> | <u>\$ (650.00)</u> | <u>\$ (650.00)</u> | <u>\$ 8,140.13</u> | <u>\$ 8,790.13</u> |

Township of Imlay
Required Supplemental Information
Budgetary Comparison Schedule
Ordinance Enforcement/ Master Plan Fund
For The Year Ended March 31, 2005

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance with Amended Budget</u> |
|---|----------------------------|---------------------------|----------------------|---|
| <u>Revenues</u> | | | | |
| Property Tax | \$ 77,601.31 | \$ 77,601.31 | \$ 77,757.74 | \$ 156.43 |
| Interest | 350.00 | 350.00 | 433.99 | 83.99 |
| <u>Total Revenues</u> | <u>77,951.31</u> | <u>77,951.31</u> | <u>78,191.73</u> | <u>240.42</u> |
| <u>Expenditures</u> | | | | |
| Professional Services | 40,500.00 | 40,500.00 | 22,997.16 | 17,502.84 |
| Engineering Fees | 5,300.00 | 5,300.00 | 5,451.77 | (151.77) |
| Miscellaneous | 500.00 | 500.00 | 70.00 | 430.00 |
| <u>Total Expenditures</u> | <u>46,300.00</u> | <u>46,300.00</u> | <u>28,518.93</u> | <u>17,781.07</u> |
| <u>Excess of Revenues Over (Under) Expenditures</u> | <u>31,651.31</u> | <u>31,651.31</u> | <u>49,672.80</u> | <u>18,021.49</u> |
| <u>Other Financing Sources</u> | | | | |
| Operating Transfers In (Out) | - | - | - | - |
| <u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u> | <u>31,651.31</u> | <u>31,651.31</u> | <u>49,672.80</u> | <u>18,021.49</u> |
| <u>Fund Balance - Beginning of Year</u> | <u>-</u> | <u>-</u> | <u>80,214.46</u> | <u>80,214.46</u> |
| <u>Fund Balance - End of Year</u> | <u>\$ 31,651.31</u> | <u>\$ 31,651.31</u> | <u>\$ 129,887.26</u> | <u>\$ 98,235.95</u> |

Township of Imlay
Required Supplemental Information
Budgetary Comparison Schedule
Recreational Fund
For The Year Ended March 31, 2005

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance with Amended Budget</u> |
|---|----------------------------|---------------------------|---------------------|---|
| <u>Revenues</u> | | | | |
| Interest | \$ 700.00 | \$ 700.00 | \$ 695.28 | \$ (4.72) |
| Miscellaneous | - | - | - | - |
| <u>Total Revenues</u> | <u>700.00</u> | <u>700.00</u> | <u>695.28</u> | <u>(4.72)</u> |
| <u>Expenditures</u> | | | | |
| Miscellaneous | - | - | - | - |
| <u>Total Expenditures</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Excess of Revenues Over (Under) Expenditures</u> | <u>700.00</u> | <u>700.00</u> | <u>695.28</u> | <u>(4.72)</u> |
| <u>Other Financing Sources</u> | | | | |
| Operating Transfers In (Out) | - | - | - | - |
| <u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u> | <u>700.00</u> | <u>700.00</u> | <u>695.28</u> | <u>(4.72)</u> |
| <u>Fund Balances - Beginning of Year</u> | <u>-</u> | <u>-</u> | <u>17,293.23</u> | <u>17,293.23</u> |
| <u>Fund Balances - End of Year</u> | <u>\$ 700.00</u> | <u>\$ 700.00</u> | <u>\$ 17,988.51</u> | <u>\$ 17,288.51</u> |

Township of Imlay
Required Supplemental Information
Budgetary Comparison Schedule
Perpetual Care Fund
For The Year Ended March 31, 2005

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance with Amended Budget</u> |
|---|----------------------------|---------------------------|----------------------|---|
| <u>Revenues</u> | | | | |
| Interest | \$ 8,850.00 | \$ 8,850.00 | \$ 7,046.48 | \$ (1,803.52) |
| <u>Total Revenues</u> | <u>8,850.00</u> | <u>8,850.00</u> | <u>7,046.48</u> | <u>(1,803.52)</u> |
| <u>Expenditures</u> | | | | |
| Miscellaneous | - | - | - | - |
| <u>Total Expenditures</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Excess of Revenues Over (Under) Expenditures</u> | <u>8,850.00</u> | <u>8,850.00</u> | <u>7,046.48</u> | <u>(1,803.52)</u> |
| <u>Other Financing Sources</u> | | | | |
| Operating Transfers In (Out) | <u>(8,000.00)</u> | <u>(8,000.00)</u> | <u>(7,046.48)</u> | <u>953.52</u> |
| <u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u> | <u>8,850.00</u> | <u>8,850.00</u> | <u>-</u> | <u>(8,850.00)</u> |
| <u>Fund Balance - Beginning of Year</u> | <u>-</u> | <u>-</u> | <u>209,972.30</u> | <u>209,972.30</u> |
| <u>Fund Balance - End of Year</u> | <u>\$ 8,850.00</u> | <u>\$ 8,850.00</u> | <u>\$ 209,972.30</u> | <u>\$ 201,122.30</u> |

Township of Imlay
Required Supplemental Information
Budgetary Comparison Schedule
Revolving Improvement Fund
For The Year Ended March 31, 2005

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance with Amended Budget</u> |
|---|----------------------------|---------------------------|----------------------|---|
| <u>Revenues</u> | | | | |
| Interest | \$ 2,836.00 | \$ 2,836.00 | \$ 6,498.60 | \$ 3,662.60 |
| <u>Total Revenues</u> | <u>2,836.00</u> | <u>2,836.00</u> | <u>6,498.60</u> | <u>3,662.60</u> |
| <u>Expenditures</u> | | | | |
| Building & Grounds | <u>1,200.00</u> | <u>1,200.00</u> | <u>660.69</u> | <u>539.31</u> |
| <u>Total Expenditures</u> | <u>1,200.00</u> | <u>1,200.00</u> | <u>660.69</u> | <u>539.31</u> |
| <u>Excess of Revenues Over (Under) Expenditures</u> | <u>1,636.00</u> | <u>1,636.00</u> | <u>5,837.91</u> | <u>4,201.91</u> |
| <u>Other Financing Sources</u> | | | | |
| Operating Transfers In (Out) | <u>35,000.00</u> | <u>35,000.00</u> | <u>37,500.00</u> | <u>2,500.00</u> |
| <u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u> | <u>1,636.00</u> | <u>1,636.00</u> | <u>43,337.91</u> | <u>41,701.91</u> |
| <u>Fund Balance - Beginning of Year</u> | <u>-</u> | <u>-</u> | <u>213,925.02</u> | <u>213,925.02</u> |
| <u>Fund Balance - End of Year</u> | <u>\$ 1,636.00</u> | <u>\$ 1,636.00</u> | <u>\$ 257,262.93</u> | <u>\$ 255,626.93</u> |

Other Supplemental Information

Imlay Township
Other Supplemental Information
Schedule of Indebtedness
March 31, 2005

Lapeer County Road Commission
Interest Payable August 1 and February 1

Dated August 23, 2002
Original Issue \$773,026

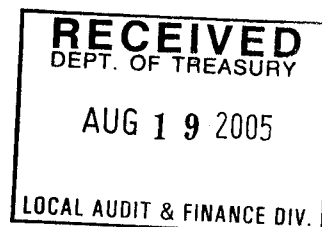
| Interest Rate | Date of Maturity | Principal Outstanding March 31, | | Remaining Annual Interest Payable |
|----------------------------|------------------------|------------------------------------|----------------------|---|
| | | 2005 | 2004 | |
| 3.25% | 8/1/2004 | \$ - | \$ 77,302.61 | \$ 12,735.83 |
| 3.25% | 2/1/2005 | - | - | 11,479.64 |
| 3.50% | 8/1/2005 | 77,302.61 | 77,302.61 | 11,479.64 |
| 3.50% | 2/1/2006 | - | - | 10,126.82 |
| 3.50% | 8/1/2006 | 77,302.61 | 77,302.61 | 10,126.82 |
| 3.50% | 2/1/2007 | - | - | 8,774.00 |
| 3.50% | 8/1/2007 | 77,302.61 | 77,302.61 | 8,774.00 |
| 3.50% | 2/1/2008 | - | - | 7,421.18 |
| 3.50% | 8/1/2008 | 77,302.61 | 77,302.61 | 7,421.18 |
| 3.70% | 2/1/2009 | - | - | 6,068.36 |
| 3.70% | 8/1/2009 | 77,302.61 | 77,302.61 | 6,068.36 |
| 3.90% | 2/1/2010 | - | - | 4,638.24 |
| 3.90% | 8/1/2010 | 77,302.61 | 77,302.61 | 4,638.24 |
| 4.00% | 2/1/2011 | - | - | 3,130.81 |
| 4.00% | 8/1/2011 | 77,302.61 | 77,302.61 | 3,130.81 |
| 4.10% | 2/1/2012 | - | - | 1,584.73 |
| 4.10% | 8/1/2012 | 77,302.61 | 77,302.61 | 1,584.73 |
| <u>Total Notes Payable</u> | | <u>\$ 618,420.88</u> | <u>\$ 695,723.49</u> | <u>\$ 119,183.39</u> |

LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

Phone 989-635-3113
Fax 989-635-5580

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

May 11, 2005



Members of the Township Board
Township of Imlay
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Imlay Township for the fiscal year ended March 31, 2005. During the course of my examination, certain items came to my attention on which I would like to comment and offer my recommendations.

- 1.) The Township collects and holds bonds from individuals and businesses for various activities. The Township needs a better accounting system to keep track of the bonds. The Township should maintain a list of bonds that are owed on an ongoing basis. These bonds need to be deposited and held in a separate bank account and accounted for in a Trust & Agency Fund.
- 2.) The Perpetual Care Fund has a "Due to General Fund" in the amount of \$95,031.37. It is my opinion that the actual amount of Perpetual Care Funds should be determined and the balance should be transferred to the General Fund. Once that has happened, the Perpetual Care Fund should only distribute the funds from that account according to the rules and regulations regarding Perpetual Care Funds.
- 3.) Per P.A. 621 of 1968, the board does not have authorization to spend money that exceed the budget. The budget must be amended prior to it being exceeded. Amendments to the budget must be detailed as to the increase and decrease amount of each line item being changed.

I thank the Township officials for the cooperation I received in the completion of this audit. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant